

OTR's GUIDANCE for SALES TAX CONCERNING MEDICAL PRODUCTS

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ISSUE	AUTHORITY	GENERAL GUIDANCE
1-Articles that assist bodily function	DC Official Code § 47-2005(15)(A) 9 DCMR §§ 453.1-453.9	Sale of articles permanently implanted in the human body to assist the function of any natural organ or limb and remain or dissolve in orthopedic devices designed to be worn as a brace, support or correction for body structure, sale of false teeth by dentist, eyeglasses when prescribed are not subject to the District sales tax. <i>Example:</i> pacemaker, orthopedic devices.
2-Device, apparatus, or equipment	DC Official Code § 47-2005(15)(B)	Sale of device, apparatus, or equipment used to replace or used to substitute body part or substitute for any part of the human body or used to assist the ill or disabled in saving or prolonging life, or used to alleviate pain and suffering; if sold to an individual for personal use and prescribed by a duly licensed doctor or other licensed medical practitioner are not subject to the District sales tax. <i>Example:</i> wheelchair, oxygen tents.
3-Eyeglasses, Lenses, Frames	DC Official Code § 47-2005(15)(A)	Eyeglasses including lenses and frames and contact lenses are not subject to the District sales tax if especially designed or prescribed by an ophthalmologist, oculist, or optometrist and sold to an individual for personal use by the owner or individual. Since eyeglasses including lenses and frames and contact lenses are not subject to the District sales tax, their replacement parts also are not subject to the District sales tax. Contact lenses care unit and supplies that are not medicines or pharmaceuticals as defined in 9 DCMR §449.1 are subject to the District 5.75% sales tax.

The above guidance is issued as a service to District taxpayers and is intended to address frequently asked questions. The guidance may not be applicable to your specific facts and circumstances; therefore, it should not be used or cited as precedent. For purposes of tax planning, please submit a specific ruling request that identifies the taxpayer(s) and the specific issue(s) involved. As statutes and regulations are subject to change, please note the date that this guidance was released. If you have any questions regarding this guidance, please do not hesitate to contact the attorney listed above, or the Office of General Counsel at (202) 442-6500.

4-Hearing Systems	DC Official Code § 47-2005(15)(A)	Artificial hearing devices for human beings are not subject to the District sales tax. To be exempt, the equipment or device must be sold or leased to an individual for personal use by the owner or individual. Since artificial hearing devices are not subject to the District sales tax, their replacement parts also are not subject to the 5.75% District sales tax.
5-Medical Alert Service	DC Official Code §§ 47-2005(15)(B) DC Official Code § 47-2001(n)(1); DC Official Code § 47-2001(n)(1)(F), (I) 9 DCMR §§ 461.7, 464.1.2, 463.3, 6 & 7, & 465.2	Medical alert service, which would include the sale or the lease of the base unit, monthly fees, charges for repairs or maintenance or fee for extended maintenance contract, for an individual that is prescribed or ordered by a duly licensed doctor is not subject to the District sales tax. Medical alert service for an individual that is not prescribed or ordered by a duly licensed doctor is subject to the District sales tax. Installation charges in connection with sale or lease of a new system would not be subject to sales tax if separately stated.
6-Medical or Dental Equipment	DC Official Code § 47-2001(n)(1)	The sale or lease of medical or dental equipment to for-profit medical providers is subject to the District 5.75% sales tax. <i>Example:</i> System capable of fabricating dentures, radio frequency Arthroscopic system.
7-Medicines, Pharmaceuticals & Drugs	DC Official Code § 47-2005(14) 9 DCMR §§449.1, 2, 3	Medicines, pharmaceuticals & drugs means any of those items recognized in the Official US Pharmacopoeia, Official Homeopathic, Pharmacopoeia of the US, Official National Formulary or any supplement to any of these publications. Any substance or mixture of substances containing at least one of recognized medicines, pharmaceuticals & drugs intended for use to cure, mitigate or prevent disease by man or animal whether for internal or external use is exempt. Any unmedicated substance or product is subject to the District 5.75% sales tax.

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Example: Any product containing one of the recognized medicines, pharmaceuticals or drugs listed as an active ingredient on the drug fact panel such as suntan or sunscreen products, and liniment.

8-Orthopedic Devices	DC Official Code § 47-2005(15)(A)	Orthopedic devices designed to be worn on the person of the user as a brace, support or correction for body structure are not subject to the District sales tax whether or not prescribed by a licensed medical provider. Orthopedic shoes and support-devices for feet are subject to District sales tax unless required for the correction of a physical deformity.
9-Repair of Surgical Instruments	DC Official Code §§ 47-2001(n)(1),(I),(Q) DC Official Code § 47-2001(p)(1)(C)(i)	Since the sale of surgical instruments is subject to the District sales tax, the charge for the repair of surgical instruments, including labor, material, handling and packaging shipping that originates and terminates in the District, whether or not separately stated, is subject to the District 5.75% sales tax.

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